

**Health Strategies Council Testimony**  
**February 17, 2006**  
**“HSC should leave CON to CON Commission”**

Thank you Mr. Chairman and members of the Health Strategies Council for allowing HomeTown Health to comment on the subject of General Surgery, ambulatory surgery centers, and the part that the Health Strategies Council should play in the CON process. My name is Jimmy Lewis and I am CEO of HomeTown Health. HomeTown Health is an association of 50 small and rural hospitals in Georgia. Its mission is to work to keep rural hospitals open, financially viable and capable of providing quality health care to the rural citizens of Georgia many who are underserved by the nature of living in rural Georgia.

I may be the only person in the room who has lobbied vigorously for both sides of CON, i.e., for and against. I changed my position after studying the impact on rural hospitals that free standing imaging centers and ambulatory surgery centers would have on rural hospitals and their communities. It is now clear that to allow ambulatory surgery centers to occur, potentially in twenty plus rural communities in Georgia, would dry up the local hospitals only means to offset the losses incurred by serving Medicaid patients and Medicare Patients while jeopardizing the economic viability of the rural segment of Georgia.

First and foremost this is an issue that should be left to the CON Commission whose mission is to study the whole of CON and recommend to the legislature any changes. In a recent CON Commission meeting there was a unanimous vote to support a resolution asking the legislature to not entertain any action this legislative session in order for the CON Commission to do its work.

To allow any piecemeal carve out of the CON issue would compromise and undermine the whole CON Commission efforts. Clearly the general surgeons see using the health strategies council as intervention to the legislatively assigned process for their personal benefit at the expense of state's long time coming need for a full scale investigation of the policy of CON regulation of Georgia's health care.

Second, any CON dilution that results in carving out general surgeons as a single specialty opens the door to losing the cross subsidy procedures that compensate for the losses that occur when Medicaid pays 85.6% of cost and Medicare pays 90% of cost while surgeons then come into rural communities and set up an ambulatory surgery center to divert profitable services from the local hospital. These ambulatory surgery centers will cherry pick the profitable procedures from the local hospital while not providing indigent and uninsured care, 7/24 coverage, and hospital backup. Rural hospitals are economic engines for rural Georgia. The presence of an ambulatory Surgery Center in a local community can pull as much as 50% of the surgical volume out in a few weeks. Even if there's only one surgeon in a community, this offers a natural satellite opportunity for other surgeons who want to cherry pick in rural communities.

Third, stand alone physician specialty centers are under investigation for safety and quality concerns in Washington by Senator Grassley where his concerns are many. Excerpts of his concern as reported recently include:

*“Today, Senate Finance Committee Chairman Charles E. Grassley (R-IA) and Ranking Member Max Baucus (D-MT) urged Health and Human Services Secretary Michael Leavitt to address safety issues raised by a tragic death last summer at a physician-owned specialty hospital.....*

*The letter notes that an investigation by the Oregon Department of Health Services reveals that there was no physician at the hospital when the incident took place.....*

*In their letter, the Senators ask Sec. Leavitt to answer 10 questions about physician-owned specialty hospitals in general, and about the facility in question. Among the questions is a request for the number of physician-owned specialty hospitals that have written or verbal policies requiring a physician to be present or on call when patients are present. Furthermore, it asks whether any of these facilities provide a disclaimer informing patients that a physician may not be present during a life-threatening emergency.*

*“The public expects any facility labeled as a ‘hospital’ to be able to appropriately deal with urgent medical situations,” it adds.*

This further illustrates why the CON Commission needs to study the total and real impact of CON changes before any changes or carve outs are made. If it is of such concern to the federal Government then it certainly should be tabled by the state while the CON Commission studies these kinds of negative impacts on its citizens.

At a time when over 56 rural hospitals in Georgia are losing on average \$1 million annually and when these hospitals cash flows are currently at a critical stage due to changing state and federal reimbursement policies, this council should take the “do no harm” position and relegate any CON discussion back to the CON Commission lest it severely impact access to Georgia’s rural and in many cases underserved citizens.

The CON commission has been charged by the Governor and the legislature to study the CON issue in total and report back to the legislature its findings and recommendations which will occur next year. **In no way should this process be compromised just to carve a special request by a single group of interested parties. Do not act on this in the HSC Council.**

Thank you for allowing me the opportunity to speak to you today on behalf of Georgia’s rural hospitals.

Jimmy Lewis  
CEO  
HomeTown Health, LLC